

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

05 - 02

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2005

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 05 \$ -0-
b. FFY 06 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, page 13

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

N/A - new page

10. SUBJECT OF AMENDMENT:

Lab services and hearing aid reimbursement

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Paul Reinhart

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:

January 26, 2005

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

1/27/05

18. DATE APPROVED:

3/23/05

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2005

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPE NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Child Care, Health

23. REMARKS:

JAN 27 2005

DMCH - ARA

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

20. Laboratory Services

Payment rates are established by the Michigan Department of Community Health as a fee screen for each procedure. The fee schedule is designed to enlist the participation of an adequate number of providers. The Medicare prevailing fees are used as guidelines or reference in determining the maximum fee screens for individual procedures.

Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. A provider's usual and customary charge should be the fee most frequently charged to patients.

Laboratory services performed by an eligible provider are limited to a maximum payment rate per beneficiary per day. This rate is determined to be adequate to cover reasonable and necessary procedures. Laboratory services in excess of this rate are covered on an exception basis when determined to be medically necessary by the department.

21. Hearing Aids

For standard hearing aids, payment rates are established by the Michigan Department of Community Health as fee screens. Manufacturer's invoice price, other state's Medicaid fee screens and provider's charges are used as guidelines or reference in determining the maximum fee screens.

Providers are reimbursed the lesser of the Medicaid fee screen or the acquisition cost of the hearing aid minus any third party payment. The acquisition cost consists of the manufacturer's invoice price minus any discounts and includes actual shipping costs.

For non-standard hearing aids, payment rates and reimbursement are prior authorized and are based on documentation of the manufacturer's invoice price minus any discounts and includes actual shipping costs.

Separate payment rates are established for hearing aid dispensing fees. Other state's Medicaid fee screens and provider's charges are used as guidelines or reference in determining the maximum fee screens. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients.

TN NO.: 05-02

Approval Date: 10/26/2005

Effective Date: 01/1/2005

Supersedes

TN No.: N/A new page